

### Route Evaluation

The single most important task we can focus on to drive financial success is to more efficiently schedule our equipment. Buses that are scheduled simply to burn gas and pay overtime will be eliminated. Route scheduling drives fleet size, operator wages, maintenance overtime, fuel consumption and health care costs. The most important task to reduce reliance on city subsidies will be to more efficiently schedule service for the community.

- Evaluate quality of existing data – identify holes where improved data quality is necessary and build systems accordingly.
- Identify changes (deadheading, unscheduled time, etc) that will have no impact on the customer experience – ~~implement immediately to drive savings~~
- Layout formula balancing taxpayer subsidy with cost recovery for each route and breakdown to trip segments – implement changes.
- Identify headway change opportunities based on low ridership, high taxpayer subsidy – implement changes.
- Identify standing loads and over-crowding – add service where appropriate.

### Service on the Street

The single most important thing we can do to improve the customer experience is actually show up with equipment when we have said that we would. On time, clean buses that are dependable and show up 100% of the time will be the cornerstone focus of the first two quarters.

- Determine quality of fleet – spare ratio – work to identify appropriate downsizing of the fleet.
- Defeat all obstacles to increasing fleet availability (drivers, attendance, parts availability, supervision attentiveness) – drive fleet availability every single day.

### Drive Customer Satisfaction

We will ask people what we do poorly, what their expectations are, we will work to meet them, and we will keep them informed of real results as we are driving improvement.

- Construct customer satisfaction measurement tool
- Passups
- Missed trips
- Bus cleanliness
- On hold times in the call center
- Bus reliability

### Communications with the Community

- Listening sessions and information gathering to identify customer greatest concerns.
- On board campaigns that we are working on addressing their issues.
- Campaigns to the community that we are committed to improvement.
- On board campaigns of actual results – each month – demonstrating improvement on key issues.
- Campaigns to the community demonstrating improvement.

## Attachment 1 Operations Plan for DDOT

### Build Information Systems

The top priority will be to introduce a culture build around information. Not simply reports that don't accurately represent reality, but high quality information systems that are unassailable and a true reflection of actual performance.

- Daily on time performance report
- ~~Daily fleet availability report~~
- Downed bus analysis
- Fleet productivity – customers/revenue
- Monthly Profit and Loss statement
- Overtime consumption compared to budget

### Evaluate Staff

We undoubtedly have too many employees and we certainly have too many employees that lack a vested commitment to excellence. All employees will be given the opportunity in very short order to demonstrate their personal commitment to organizational success. Absent that, staff changes will be necessary both financially and culturally.

- Establish work plans – tied to strategic objectives – with quantifiable collaborative goals.
- Each month conduct over-performers/under-performers meeting.
- Establish staff reduction plan to bring levels to a benchmark norm.
- Reduce staffing levels to drive savings and match industry norms.

### Vendor Review

A thorough analysis of all existing outside contract with vendors must be conducted.

- Establish list of all outside contracts – determine service performed, cost and term.
- Eliminate all unnecessary and non-valued expenditures.
- Renegotiate contract terms where appropriate.

### Financial Analysis

An immediate analysis of the capital program (if one exists) to determine the prospect of immediate operational cash infusion, coupled with an overall operating budget analysis and development of changes to ensure DDOT achieves the level of city subsidy the city is prepared for, will be a key area of focus the first two quarters.

- Evaluation of capital program to determine any cash availability in federal grants that might be drawn down for preventive maintenance.
- Construct plan of the changes that will be necessary operationally during fiscal year 2012-13 to reduce reliance on city subsidies.

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**Expenses** month. The recommended budget for these direct expenses is \$5,000 per month.

**Task 2 Hourly Compensation** The budget for Task 2 for Development, Analysis and Transition to New Governance Structure is \$25,000 per month.

All services under Task 2 for Development, Analysis and Transition to New Governance Structure will be billed per the approved fee schedule for the contract including the classification added in the preceding section.

**Task 2 Direct Expenses** All direct expenses related to Task 2 will be billed at cost at the end of each month. The recommended budget for these direct expenses is \$5,000 per month.

**PAYMENT TERMS**

**Task 1A** Task 1A Base Compensation will be billed as a \$100,000 lump sum in advance and payable on the 1<sup>st</sup> of each month.

Task 1A Incentive Compensation will be billed in a monthly invoice at the end of each month.

All direct expenses related to the Task 1A will be billed at cost at the end of each month.

**Task 1B** Task 1B labor and expenses will be billed monthly.

**Task 2** Task 2 labor and expenses will be billed monthly.

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- For each following month of 10% Improved performance – \$5,000
- For each following month of 20% improved performance – \$10,000
- For each following month of 30% improved performance – \$15,000
- Establish benchmark customers/mile productivity measurement in January
  - For each following month of 10% improved performance – \$15,000
  - For each following month of 20% improved performance – \$25,000
  - For each following month of 30% Improved performance – \$35,000

### Financial Objectives:

City of Detroit is currently subsidizing DDOT at a rate of \$6.3M/month.  
Goal is to reduce subsidy to \$4.6M/month

- Financial Incentive: January 1, 2012 – June 30, 2012
  - For each month of 10% less reliance from current baseline - \$15,000
  - For each month of 20% less reliance from current baseline - \$30,000
  - For each month of 30% less reliance from current baseline - \$50,000
  - For each month that DDOT only requires \$4.6M subsidy - \$100,000
  - For each month that DDOT operates 10% below \$4.6M subsidy - \$150,000
- Financial Incentive: July 1, 2012 – November 30, 2012
  - For each month that DDOT operates within City budget - \$100,000
  - For each month that DDOT is 10% below City budget - \$125,000
  - For each month that DDOT is 20% below City budget - \$150,000

If the effort is ended prior to November 30, 2012, In lieu of lost incentive compensation opportunity the City will pay a termination fee equal to the lowest level of incentive opportunity for each performance metric for each month from the date of termination to November 30, 2012.

#### **Task 1A Direct Expenses**

All direct expenses related to Task 1A will be billed at cost at the end of each month. The recommended budget for these direct expenses is \$23,000 per month.

#### **Task 1B Hourly Compensation**

The recommended budget for staff augmentation services is \$30,000 per month. All services under Task 1B for staff augmentation will be billed according the approved contract fee schedule with the addition of the following new classification that may be required for this task:

Classification: Senior Management Consultant  
Average Hourly Rate: \$110.59  
Overhead (156%): \$172.52  
Profit (10%): \$28.31  
Total Avg. Hourly Rate: \$311.42

#### **Task 1B Direct**

All direct expenses related to Task 1B will be billed at cost at the end of each

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the needed support.

### Task 2

#### Development, Analysis and Transition to a New Governance Structure

In this task, the Parsons Brinckerhoff / Envisurage team will develop a full report on all of the options available to the City for the future governance of the system. The analysis will cover cost implications, oversight obligations, and likelihood of stronger performance, among other factors. The team will then provide details on several of the "most likely" potential future models as well as a process and criteria to select one, facilitate City leadership in selecting one model or a combination of models to pursue, and oversee the development of an implementation plan associated with City's selection. Once an approach has been selected the team will assist the City to implement and manage the transition to a new governance model.

All work under Task 2 will be subject to prior authorization by the City's Chief Operating Officer.

Key deliverables for this task include:

- Report on governance alternatives, including model selection framework
- Work plan for transition to new governance model
- Successful startup of new governance model
- Post-start-up implementation coaching

This effort will also capitalize on the expertise resident in Parsons Brinckerhoff's Detroit office including Sharmila Mukherjee and Edwin Tatem, both of whom have extensive experience working on complex Michigan transportation issues.

### COMPENSATION

#### Task 1A Base Compensation

The base compensation for Senior Executive Strategic Leadership and Support will be a lump sum of \$100,000 per month. This base compensation will be billed in advance and payable on the 1<sup>st</sup> of each month.

#### Task 1A Incentive Compensation

In addition to base compensation, the following Incentive payments will be paid if the performance standard is met.

- Establish daily bus breakdowns in service in January
  - For each following month of 10% improved performance – \$5,000
  - For each following month of 20% improved performance – \$10,000
  - For each following month of 30% improved performance – \$15,000
- Establish % of AM peak pullout compliance in January
  - For each following month of 10% improved performance – \$10,000
  - For each following month of 20% improved performance – \$15,000
  - For each following month of 30% improved performance – \$20,000
- Establish benchmark customer satisfaction measurement in January

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Serve as the lead spokespersons and community representatives of the public transportation system including town meetings, employee leadership, and media interaction.

Coordinate the development of an overall Strategic Plan, preparation of the annual Operating Plan to realize those objectives, and adoption of a Financial Plan.

Work directly with city leaders on development of strategic vision, contracting authority and public sector leading performance measurement system.

Supervise senior management staff and work directly with their individual departments to establish quarterly goals and objectives and milestones.

Implement administrative procedures and policies and build department level performance measurement systems to drive results oriented accountability deep into the organization.

Assume responsibility for all interactions with local, state and federal elected officials and government agencies.

This team will be responsible for the following deliverables:

- Improved fleet reliability
- Improved peak pullout compliance
- Improved customer satisfaction
- Reduced reliance on City of Detroit subsidies
- Improved operating efficiency of system

As directed and approved by the City, this work will be subcontracted to Envisurage LLC. This task will begin on January 1, 2012 and end on November 30, 2012. A start-up plan for this work scope is attached.

### Task 1B

#### Staff Augmentation to Support DDOT and Senior Executive Leadership Team

The Senior Executive Leadership and Support Team identified above will utilize existing DDOT staff to deliver results. When DDOT staff requires additional staff augmentation, Parsons Brinckerhoff and Envisurage will provide additional staff on an as-needed basis to supplement the Senior Executive team and DDOT staff. Disciplines to be provided under this task include:

- Financial analysis (including return on investment analysis)
- Budget analysis
- Operations analysis
- Business management / organizational development advisement
- Communications support

All work under Task 1B will be subject to prior authorization by the City's Chief Operating Officer.

Staff provided under this task will be provided from Parsons Brinckerhoff or Envisurage LLC. When possible Detroit-based team members from the Parsons Brinckerhoff Michigan, Inc. office at 500 Griswold Street will be utilized to provide

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**CONTRACT OVERVIEW**

**Contract** 2605317

**Prime Contractor** Parsons Brinckerhoff Michigan, Inc.

**Subcontractor** Envisurage LLC.

**Task Objectives** The objective of this task is to provide the City of Detroit and the Detroit Department of Transportation (DDOT) with expert guidance on strategic issues, to create cost savings for Detroit's taxpayers, and to produce immediate performance improvements that benefit DDOT's customers. The team will:

- Provide support to DDOT in overall planning and service delivery
- Design alternatives to transition the governance structure to exist in a regional authority
- Work to identify immediate cost savings to reduce the historic levels of reliance on city taxpayer subsidies
- Provide strategic guidance to DDOT
- Work to provide for immediate service and performance improvements

**Scope Elements** The scope of services to be provided under Project 5 On-Call Services of the contract amendment approved by City Council on June 6, 2009 and will include the following tasks.

- Task 1A: Provide interim, stop-gap, senior executive level strategic leadership and support
- Task 1B: Provide staff augmentation on an as-needed basis
- Task 2: Oversee the development, analysis and transition to a new governance structure for the city's bus transit operations

**SCOPE****Task 1A Provide Senior Executive-Level Strategic Leadership and Support**

Envisurage will provide the following strategic leadership team to provide strategic guidance to the City administration, to produce cost savings to the City taxpayers, and to create immediate service improvements for DDOT customers:

- Chief Executive Officer
- Deputy CEO
- Senior Management Strategic Advisor
- Senior Maintenance Strategic Advisor
- Senior Service Strategic Advisor

The role and responsibilities of this team will include:

- Assume responsibility for the senior level management of the city's public transportation system.

**Work Order Summary**  
**Parsons Brinckerhoff Michigan, Inc.**

**PROFESSIONAL SERVICES WORK ORDER**

CONTRACT NO. 2605317  
 WORK ORDER NO. 11

**PROJECT DESCRIPTION:** Transit System Expert Guidance on Strategic Issues

**NAME OF CONTRACTOR:** Parsons Brinckerhoff Michigan, Inc.

**DATE:** December 28, 2011

**ADDRESS:** 500 Griswold Street, Suite 2900, Guardian Building, Detroit

**DESCRIPTION OF WORK TO BE PERFORMED**

- 1A. Provision of Senior Executive-Level Strategic Leadership and Support
- 1B. Staff Augmentation to Support DDOT and Senior Executive Leadership Team
- 2. Development, Analysis and Transition to a New Governance Structure

**CONTRACTOR WORK PLAN (PLEASE SEE ATTACHED)**

**EST. COMPLETION DATE:** November 30, 2012

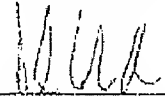
**COST ESTIMATE**

	ESTIMATE/MO.	MONTHS	TOTAL
<b>1A. 5-Person Senior Executive Team</b>			
Monthly Fee (payable monthly in advance)	\$100,000	11	\$1,100,000
Direct Expenses - Budget Estimate	\$23,000	11	\$253,000
<b>1B. Staff Augmentation (Subject to COO Authorization)</b>			
Labor - Budget Estimate	\$30,000	11	\$330,000
Direct Expenses - Budget Estimate	\$5,000	11	\$55,000
<b>2. Governance Analysis (Subject to COO Authorization)</b>			
Labor - Budget Estimate	\$25,000	11	\$275,000
Direct Expenses - Budget Estimate	\$5,000	11	\$55,000
Incentive Compensation			TBD
TBD per performance standards in attached work order			

  
 Contractor's Signature Date 1.5.2012

By signature below, the Project Manager certifies that the Work Order is within the scope, budget, terms & conditions of the Contract.

**Approved for the City of Detroit:**

  
 Project Manager Date 12/28/11

**Comments:**

Monthly fee for Senior Executive Team for January 2012 will be adjusted based on the actual start date of each member of the team.